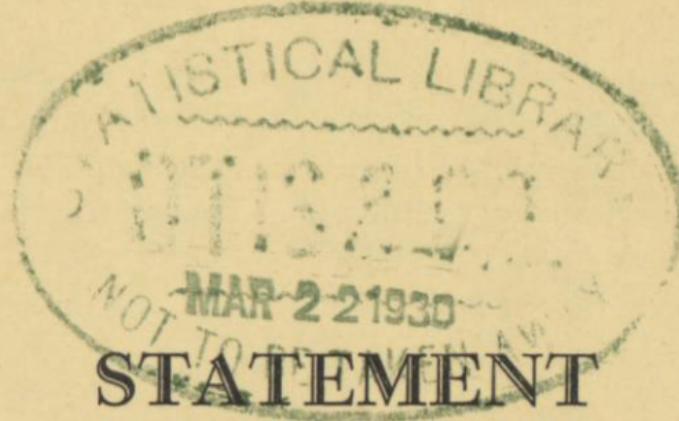


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CORPORATION FILE

J. J. Newberry Co.

New York



December 31st, 1929

TO THE STOCKHOLDERS OF
J. J. NEWBERRY CO.

The annexed financial statement shows the condition of the Company as of December 31, 1929. During the year just closed 69 additional stores were added to the chain, making a total of 279 stores in operation at the end of the year. This was the largest expansion of any year.

Despite the poor December business caused both by the crash in the market and very unfavorable weather conditions, the earnings per share on the total amount of outstanding common stock at the close of 1929 shows an increase from \$2.80 in 1928 to \$3.15 in 1929.

The deferred charges written off from surplus account was the balance of extraordinary store opening expenses of prior years. The Board of Directors felt the earned surplus was sufficiently large to stand this write-off.

Plans call for the opening of about fifty additional new stores during 1930. Forty of these have already been arranged for, and the necessary new capital to carry out this new expansion and the portion of last year's expansion that was not permanently financed has practically been arranged for.

This year has started off very satisfactorily, both as to sales and operating economies, and I am looking forward to a good record for 1930.

J. J. NEWBERRY,
President.

This business was founded in 1912 by J. J. Newberry and has grown from one store operated in 1912 to two hundred and seventy-nine stores operated in 1929, as shown in the chart below. The business was incorporated January 1, 1923, and is still under the original management.

RECORD OF SALES AND EARNINGS

Year	Number of Stores	Sales	Earnings per Share on Common Stock
1912	1	\$32,382.71	N
1913	2	42,183.99	O
1914	3	92,640.38	
1915	5	116,009.19	I
1916	5	151,464.52	N
1917	6	149,465.64	C
1918	7	276,449.11	O
1919	17	502,445.43	R
1920	17	751,984.16	P
1921	26	1,157,233.90	O
1922	33	1,750,066.32	R
1923	51	3,564,946.51	\$4.68
1924	68	5,114,338.79	6.42
1925	86	6,897,413.59	8.28
1926	112	9,985,073.71	*3.06
1927	151	15,069,158.69	¶3.65
1928	210	20,609,366.02	†4.62
1929	279	27,789,369.40	‡3.15

* 300% Stock Dividend issued September 1st, 1926, making total of 206,000 shares Common Stock outstanding as against only 50,200 shares December 31st, 1925.

¶ 213,200 shares Common Stock outstanding December 31st, 1927.

† 239,620 shares Common Stock outstanding December 31st, 1928.

‡ 50% Stock Dividend and Rights to subscribe to 10% of holdings issued May 1st, 1929, making total of 395,314 shares outstanding December 31st, 1929.

RY COMPANY

RATING COMPANIES

BALANCE SHEET

DECEMBER 31, 1929

LIABILITIES

CURRENT LIABILITIES:

Notes Payable—Banks.....	\$2,445,000.00
Accounts Payable, Bonuses, Interest, etc.	692,603.50
Provision for Federal Income Tax	195,530.69
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	3,333,134.19

PURCHASE MONEY MORT- GAGES ON REAL ESTATE..	1,743,000.00
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DEFERRED INCOME	5,892.95
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CAPITAL STOCK:

Preferred 7% Cumulative, Par Value \$100.00 per share Authorized and Issued, 50,000 shares	5,000,000.00
Common, Authorized 800,000 shares, No Par Value: Outstanding, Janu- ary 1, 1929, Shs. 239,620	\$3,055,531.89
Stock Dividend 119,810 Sold for Cash, \$60.00.....	35,884 2,153,040.00
	<hr/>
Outstanding Dec. 31, 1929Shs. 395,314	5,208,571.89
SURPLUS	<hr/>
	3,786,982.55
	<hr/>
	\$19,077,581.58

CERTIFICATE OF AUDITORS

We have examined the books and accounts of J. J. Newberry Company and Subsidiary Operating Companies for the purpose of verifying the assets and liabilities as at December 31, 1929, and certify that the foregoing Balance Sheet has been prepared therefrom and, in our opinion, correctly presents the combined financial position of the Companies as at December 31, 1929.

PEAT, MARWICK, MITCHELL & CO.

New York, N. Y., March 12, 1930.

J. J. NEWBERY

AND SUBSIDIARY OPE

CONSOLIDATED B.
AS AT DECEMBER

ASSETS

PROPERTY AND EQUIPMENT:

Land and Buildings at Cost.	\$ 4,305,023.40
Furniture and Fixtures....	\$4,181,768.71
Less Reserve for Depre- ciation	530,154.32
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Alterations and Improve- ments to Owned and Leased Premises	3,877,330.77
Less Reserve for Amortiz- ation	370,372.08
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	3,506,958.69
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	\$11,463,596.48

CURRENT ASSETS:

Cash in Banks and on Hand	421,135.95
Miscellaneous Claims and Accounts Receivable	25,141.46
Inventories of Merchandise prepared by Company, at cost or market, whichever is lower	6,225,828.21
	<hr/>
Employees' Notes Receivable Secured by Capital Stock of the Company	35,090.54
Investment in Company's own Stock for Resale to Em- ployees, at Cost.....	7,990.00
Investment in and Advances to Subsidiary Realty Com- pany	136,395.68
Other Investments	16,026.17
Deferred Charges and Prepaid Expenses	746,377.09
	<hr/>
	\$19,077,531.58

SURPLUS AND INCOME ACCOUNT

December 31, 1929

Balance December 31, 1928.....	\$3,386,007.90
Net Income for year ended De- cember 31, 1929, before Inter- est and Taxes.....	1,893,206.59
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	\$5,279,214.49

LESS:

Deferred charges and adjust- ments applicable to prior periods charged off.....	\$421,325.76
Federal Income Taxes, Current year	195,530.69
Preferred Dividends Paid.....	350,000.00
Common Dividends Paid.....	421,947.33
Interest Paid on Borrowed Money	103,428.16
	<hr/>
	1,492,231.94

SURPLUS—December 31, 1929..... \$3,786,982.55

J. J. NEWBERRY, E. A. NEWBERRY,
President. Treasurer.

OFFICERS

C. T. NEWBERRY.....	<i>Chairman of the Board</i>
J. J. NEWBERRY.....	<i>President</i>
E. A. NEWBERRY.....	<i>Vice-Pres. and Treas.</i>
G. A. CRITTENDEN.....	<i>Vice-President</i>
J. L. BOUGHNER.....	<i>Vice-President</i>
T. H. HOCHSTRASSER.....	<i>Vice-President</i>
W. C. SCHULZ.....	<i>Secy. and Asst. Treas.</i>
J. H. EWEN.....	<i>Asst. Secy. and Asst. Treas.</i>

DIRECTORS

C. T. NEWBERRY.....	<i>New York</i>
J. J. NEWBERRY.....	<i>New York</i>
E. A. NEWBERRY.....	<i>New York</i>
J. L. BOUGHNER.....	<i>New York</i>
C. V. PALLISTER.....	<i>Attorney</i>
W. W. L'HOMMEDIEU.....	<i>Banker</i>
T. H. HOCHSTRASSER.....	<i>New York</i>
W. C. SCHULZ.....	<i>New York</i>
WALTER WILLIAMS.....	<i>New York</i>
G. A. CRITTENDEN.....	<i>Los Angeles, Cal.</i>

TRANSFER AGENT

CORPORATION TRUST CO. 120 Broadway, New York

REGISTRAR

GUARANTY TRUST CO. 140 Broadway, New York